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STATE OF WASHINGTON
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GAMBLING/LICENSING

In the Matter of the Suspension or Revocation of)
the Licenses to Conduct Gambling Activities of:)

NO. CR 2011-01528

Hi Lo Country Bar & Grill)
Concrete, Washington,)
Licensee.)

SETTLEMENT ORDER

This Settlement Order is entered into between the Washington State Gambling Commission and Hi Lo Country Bar & Grill. Stephanie U. Happold, Assistant Attorney General, and Melinda Froud, Lead Staff Attorney, represent the Commission. Cheryl Pitts, owner, represents the licensee.

I.

The Washington State Gambling Commission issued Hi Lo Country Bar & Grill, organization number 00-22122 the following licenses:

- Number 05-20911, authorizing Class "A" Punchboard Pull-Tab activity; and
- Number 65-07291, authorizing Class "D" Public Card Room activity.

The licenses expired on March 31, 2012, and were issued subject to the licensee's compliance with state gambling laws and regulations.

II.

The Deputy Director issued a Notice of Administrative Charges and Opportunity for an Adjudicative Proceeding to the licensee, Hi Lo Bar & Grill, on January 27, 2012. On February 22, 2012, Commission staff received the applicant's request for a hearing. The Notice of Administrative Charges alleged the following facts and violations:

III.

SUMMARY:

Hi Lo Country Bar & Grill's first and second quarters 2010 punchboard/pull-tab activity report was due at our administrative office by July 30, 2010; however, the report was not received until on August 27, 2010. The licensee also failed to submit its third and fourth quarters 2010 punchboard/pull-tab activity report, in violation of WAC 230-14-284(2). Subsequently, on August 15, 2011, a Commission Special Agent (agent) issued a Notice of Violation and Settlement (NOVAS)¹ to the licensee for failing to timely submit its punchboard/pull-tab activity report for the third and fourth quarters of 2010. However, the licensee failed to pay the NOVAS.

¹ A NOVAS identifies the violation, and in this case, gives the recipient the opportunity to pay a fine and submit its delinquent report to settle the matter.

The licensee also failed to submit its punchboard/pull-tab activity report for the first and second quarters of 2011. The activity report was never received, in violation of WAC 230-14-284(2).

VIOLATIONS:

RCW 9.46.075 Denying, suspending, or revoking a license or permit

The Commission may deny an application, or suspend or revoke any license or permit issued by it, for any reason or reasons, it deems to be in the public interest. These reasons shall include, but not be limited to, cases wherein the applicant or licensee, or any person with any interest therein: (The following subsection applies.)

(1) Violated, failed or refused to comply with the provisions, requirements, conditions, limitations or duties imposed by chapter 9.46 RCW and any amendments thereto, or any rules adopted by the Commission pursuant thereto, or when a violation of any provision of chapter 9.46 RCW, or any Commission rule, has occurred upon any premises occupied or operated by any such person or over which he or she has substantial control.

WAC 230-03-085 Denying, suspending, or revoking a license or permit

We may deny, suspend, or revoke any application, license or permit, when the applicant, licensee, or anyone holding a substantial interest in the applicant's or licensee's business or organization:

(The following subsections apply.)

(1) Commits any act that constitutes grounds for denying, suspending, or revoking licenses or permits under RCW 9.46.075.

(3) Has demonstrated willful disregard for complying with ordinances, statutes, administrative rules, or court orders, whether at the local, state, or federal level; or

(7) Fails to provide us with any information required under Commission rules within the time required, or, if the rule establishes no time limit, within thirty days after receiving a written request from us.

WAC 230-14-284 Activity reports for punchboard and pull-tab licensees

Punchboards and pull-tab licensees must submit an activity report to the Commission. Licensees must complete the report in the format we require and must:

(The following subsections apply.)

(1) Cover the periods: (a) January 1 through June 30; and (b) July 1 through December 31; and

(2) Be received at our administrative office or postmarked no later than thirty days following the end of the reporting period.

IV.

The Commission alleges that the facts and violations specified in paragraph III above constitute grounds to suspend or revoke Hi Lo Bar & Grill's licenses under RCW 9.46.075(1) and WAC 230-03-085(1) and (7).

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V.

Cheryl Pitts, Owner, acknowledges that she received the Notice of Administrative Charges issued in this case, and understands the facts and violations contained in it.

The licensee has stopped operating gambling activities and has waived its right to a hearing, based on the terms and conditions of this Settlement Order. The licensee agrees to the following terms and sanctions:

- 1) **Hi Lo Bar & Grill will surrender its gambling licenses on or before April 13, 2012.**
- 2) If Hi Lo Bar & Grill reapplies, or if any applicant related or associated in any way with the current owners of the licensee applies for a license, they shall be required to establish, by clear and convincing evidence, that they are qualified to hold a gambling license.
- 3) Furthermore, no promises or assurances have been made that Hi Lo Bar & Grill, or any applicant related or associated in any way with the current owners of the licensee, will receive a license from the Commission should they reapply.
- 4) **The signed Settlement Order and gambling licenses must be received by Commission staff on or before April 13, 2012, and mailed to Commission Headquarters at the following address:**

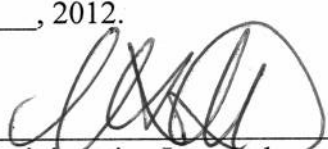
Washington State Gambling Commission
Attention: Communications and Legal Division
P.O. Box 42400
Olympia, WA 98504-2400

Or delivered (in person or via private courier) to the following address:

Washington State Gambling Commission
Attention: Communications and Legal Division
4565 7th Avenue SE; Fourth Floor
Lacey, WA 98503

DATED this 25TH day of April, 2012.





Administrative Law Judge

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CR 2011-01528

APPROVED FOR ENTRY:

Cherly Pitts 4/10/12
Cherly Pitts (Date)
Owner, Hi Lo Bar & Grill

APPROVED AS TO FORM:

Stephanie U. Happold 7/18/12
Stephanie U. Happold, WSBA# 38112
Assistant Attorney General, Representing
the Washington State Gambling
Commission

Melinda A. Froud
Melinda A. Froud, WSBA# 26792
Lead Staff Attorney,
Washington State Gambling Commission